THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHANTARAM POTDUKHE): (a) and (b) Fourth Pay Commission recommended continuance of the same criteria of population for determining the classification of cities for payment of House Rent Allowance (HRA) as was applicable at the time of submission of their Report. Under the system then in vogue, the cities were classified with reference to the population obtaining in their respective Municipal areas. If the population of a Municipal area of a city exceeded 4 lakhs, the city was classified as 'B-2' class city. For classifying the city, the same criteria is being followed even after implementation of the recommendation of the Fourth Pay Commission.

(c) Necessary action to re-classify/upgrade cities, where necessary, for the purpose of grant of HRA would be initiated after receipt of the final population figures of 1991 Census from the Registrar General and Census Commissioner of India.

Sacher Committee recommendations on Inventory Certification

*371. SHRIMATI SATYA BAHIN:
SHRI MOHD. KHALEELUR RAHMAN:

Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that Sacher Committee had recommended that inventory certification in the balance sheet be done by Cost Accountants;

(b) whether it is also a fact that this recommendation is aimed at checking manipulation;

(c) whether this recommendation has not been implemented;

(d) if so, the reasons therefor; and

(e) what steps are being taken to implement the same?

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI K. VIJAYA BHASKARA REDDY): (a) and (b) Sacher Committee had recommended that in respect of companies having paid up capital exceeding Rs.25 lakhs where cost audit has been ordered, Cost Auditor should certify the inventory.

There is already a provision for annual statutory audit by Chartered Accountants who are expected to check the manipulation, if any, in inventory as appearing in balance sheet of the companies.

(c) to (e) In terms of the existing provisions of the Manufacturing & other Companies (Auditor's Report) Order 1988, issued under Section 227(4A) of the Companies Act, the Statutory Auditor is required to state whether a physical verification of inventory has been conducted by the management and also to report whether any material discrepancies have been noted on physical verification of the stock and also whether he is satisfied that the valuation of inventory is fair and proper in accordance with the normally accepted accounting principles. Section 215 of the Companies Act lays down that two directors of the company (one of whom should be Managing Director) should authenticate the balance sheet and profit & loss account. After careful consideration of the recommendation of Sacher Committee and the existing provisions of the Companies Act as detailed above, Government are of the view that there is no need to provide for additional certification of inventory in the balance sheet by the Cost Accountant.

Subsidy for diesel fuel sanctioned by M.P.E.D.A. in Visakhapatnam

*372. SHRI MENTAY PADMANABHAM: Will the Minister of COMMERCE be pleased to state:

(a) what is the total subsidy sanctioned by the Marine Products Export Development Agency in Visakhapatnam as on date for diesel fuel for deep sea fishing vessels;

(b) how many vessels have been approved by MPEDA for release of diesel